BC Housing

2017/18 – 2019/20 SERVICE PLAN

February 2017

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Accountability Statement

The 2017/18 – 2019/20 BC Housing service plan was prepared under the Board of Commissioners' direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events, and identified risks, as of February 21 2017, have been considered in preparing the plan. The performance measures presented are consistent with the Taxpayer Accountability Principles, BC Housing's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of BC Housing's operating environment, forecast conditions, risk assessment and past performance.

Judy Rogers
Board Chair

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Strategic Direction and Context

Strategic Direction

This Service Plan describes BC Housing's goals for the 2017/18 to 2019/20 period, which are aligned with and support the BC public sector Taxpayer Accountability Principles and the provincial housing strategy *Housing Matters BC* and the *Housing Affordability in BC: 6 Principles* strategy announced by the premier in June 2016. Specific government direction is provided annually in the Mandate Letter from the Minister Responsible for Housing to the Board of Commissioners. The 2017/18 Mandate Letter directs BC Housing to:

- Support housing affordability, funded through the new Housing Priority Initiatives Special Account or other sources, to improve access to homeownership for first time homebuyers and increase housing affordability in rental markets through provincial programs.
- Support initiatives to break the cycle of homelessness, including rent assistance, linking housing to supports, and creating new housing options for low, moderate and middle income households.
- Support a strong non-profit sector through a range of activities and initiatives that include implementation of the *Non-Profit Asset Transfer program (NPAT)*, as well as further education and training partnerships with the BC Non-Profit Housing Association (BCNPHA) for the benefit of non-profit housing providers.
- Support a strong, self-reliant Aboriginal housing sector through strategic initiatives with the Aboriginal Housing Management Association (AHMA) as well as innovative partnerships for the creation of new housing options through the *Provincial Investment in Affordable Housing* program – Aboriginal Housing and the *Investment in Housing Innovation* program.

More information about BC Housing, including our corporate governance and an organizational overview, can be found in Appendix A: Hyperlinks to Additional Information.

Operating Environment

No significant changes are anticipated with respect to our internal operating environment that will have an impact on results for the year ahead. Our People Strategy continues to support strong employee engagement, retention and recruitment, and helps to build learning and leadership capacity across business areas to help us deliver on our mandate. This will be particularly important in light of new staffing requirements related to the new provincial housing affordability programs covering the full breadth of the housing continuum, to be delivered over the next three years. We will continue to seek improvements in our service delivery, including improved online access to programs and services by clients and partners.

Factors in the external operating environment that may impact performance include: anticipated increased federal government involvement in housing and the alignment of new federal initiatives with provincial priorities; possible continued affordability and supply issues in the ownership and rental housing markets; the potential for higher interest rates and the effect of this on our programs

and subsidies; aging of the social housing stock that places increased pressure on funding for capital repairs and renewals; the continued impact of the Tsilhqot'in Aboriginal Title Case (William Case) decision with respect to properties owned by the Provincial Rental Housing Corporation; and, the possible erosion of affordability in some social housing projects resulting from the expiry of operating agreements. These risks and opportunities are considered to be manageable and can be addressed through existing strategies, new protocols and adaptations to existing programs and business practices.

Performance Plan

Goals, Strategies, Measures and Targets

Each year the performance plan is reviewed by the organization for continued relevance, desired impact and alignment with provincial policy and direction. For 2017/18, our goals remain the same with changes made to one performance measure and target for Goal 1: support a strong non-profit housing sector, as well as new performance measure for Goal 2: respond to housing needs along the housing continuum. Strategies have been updated to reflect directions provided through our Mandate Letter and new programs and initiatives.

Goal 1: Support a Strong Non-Profit Housing Sector

BC Housing supports a strong non-profit housing sector through relationship-building, collaboration and capacity-building initiatives in partnership with housing providers, the BC Non-Profit Housing Association and other organizations involved in the non-profit housing sector. We share a common purpose with non-profit housing providers to provide stable, safe and affordable housing. Together we work toward ensuring the sustainability of the sector and provision of social housing over the long-term.

This goal strongly aligns with Taxpayer Accountability Principles in the areas of cost effective delivery of services, accountability and a clear focus of positive outcomes in the delivery of services to British Columbians. This goal also delivers on direction given in our Mandate Letter to support a strong non-profit sector by taking steps to strengthen relationships and capacity building.

Strategies

1. Continue transferring Provincial Rental Housing Corporation (PRHC) properties to non-profit housing providers, including PRHC-leased land in social housing projects and select public housing stock where appropriate through the *Non-Profit Asset Transfer program* (NPAT).
2. Work with the BC Non-Profit Housing Association to:
    a. Initiate education and training sessions on various topics for housing providers.
    b. Assist housing providers to prepare for the expiry of operating agreements.

3. Identify opportunities within BC Housing's operational review process to help housing providers improve financial, operating and governance practices.
4. Reform existing social housing operating agreements and programs to provide greater flexibilities and tools for non-profit housing providers to support long-term sustainability.
5. Provide funding for the maintenance and rehabilitation of existing social housing.

Performance Measure 1.1: Non-Profit Housing Provider Financial Reviews

Performance Measure	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
Per centage of non-profit housing provider financial reviews carried out by BC Housing within five months from date of submission.	n/a	53%	55%	60%	65%

Discussion

BC Housing is developing a new performance measure for this goal to better capture and reflect the overall strength of the non-profit housing sector in British Columbia. This work, which will be carried out over the next year, involves collaborating with BC Non Profit Housing Association to identify criteria for defining a strong sector, e.g., governance, partnerships, innovation, organizational and financial capacity, and engaging with non-profits on how to best measure performance against the criteria. From this data, an index or metric would be developed to report out on the strength of the sector as a whole. This collaborative work will take place during 2017/18 with baseline data and targets anticipated to be available for the 2018/19 Service Plan.

For the purposes of the 2017/18 Service Plan an interim performance measure has been developed that focuses on the completion of the financial reviews of non-profit housing providers by BC Housing. The interim measure reflects BC Housing's commitment to streamline and prioritize our financial and operational review practices by ensuring that we complete housing provider financial reviews within five months from the date of submission of financial documents to BC Housing. A timely financial review process enables housing providers to know with accuracy what their budget will be for the year ahead, and helps to avoid situations of subsidy overpayments or underpayments which must be later addressed. Targets demonstrate improvement over the current baseline level of 53 per cent of financial reviews carried out within five months.

Performance Measure 1.2: Facility Condition Index

Performance Measure	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
Facility Condition Index*	9%**	15% to 20%	17% to 22%	17% to 22%	17% to 22%

*Data used to calculate the FCI is obtained from condition assessments of building systems, sub-systems and components.
**Note: the 9% result is based on previous methodology that has been revised since 2015/16. Calculations for subsequent years reflect the current methodology, see discussion below.

Discussion
The Facility Condition Index (FCI) is an indication of the condition of a building – a lower per centage corresponds to a better building condition. The FCI calculation is the cost of a building's renewal and replacement needs divided by its replacement cost, expressed as a per centage. The FCI is an indication of the condition of the building – a lower value corresponds to a better building condition. The FCI is used to assist with investment decisions and strategic directions regarding capital planning and rehabilitation budgets for social housing.

The target, set at 17 to 22 per cent over the three-year period, reflects an acceptable service level for buildings and building conditions for tenants. The targets have been increased compared to previous years for a number of reasons. The first is a change in methodology, from 'point in time' approach to a 'multi-year' approach in line with industry standards. This means that the FCI is calculated using a five- year projected average of the condition of the stock rather than looking at the current year only. For example, the FCI for 2016 is projected to be around 9 per cent using the 'point in time' approach, whereas it rises to 18 per cent using the new 'multi-year' approach. This approach is now industry standard and supports more effective maintenance and rehabilitation planning.

The future targets also reflect a larger sampling of assessed units, growing to over 60 per cent of the social housing stock by 2019. Planned maintenance and rehabilitation work over the three-year service plan period is also factored into the target, as is available funding each year.

BC Housing, along with our non-profit housing partners, strives for continual improvement in the quality of the social housing stock. Our ability to positively affect the FCI measure primarily relates to available funding for capital improvements and to the condition of the social housing stock.

Goal 2: Respond to Needs Along the Housing Continuum

BC Housing responds to needs along the housing continuum by expanding the range of housing choices and supports for British Columbians through collaboration with our non-profit, community, government and private sector partners. In 2017/18 we will continue to deliver a range of programs to support people across the housing continuum: emergency shelter and housing for the homeless, transitional supportive and assisted living, independent social housing, rent assistance in the private market, and consumer protections for buyers of new homes. Our programs also support housing accessibility for people with disabilities in support of the provincial Accessibility 2024 plan.

To support the provincial government's Six Principles of Housing Affordability, our 2017/18 program offerings will expand further along the housing continuum to address housing affordability for first-time homebuyers, and to increase the supply of affordable rental housing people with low to moderate incomes including seniors, youth, students, and speciality housing for adults with development disabilities, Aboriginal people, and women and children.

Strategies

1. Increase the supply of affordable rental housing for low and moderate income households through the *Investment in Housing Innovation* and the *Provincial Investment in Affordable Housing* programs.
2. Support first-time homebuyers through the *BC Home Owner Mortgage and Equity (HOME) Partnership* program.
3. Implement programs to break the cycle of homelessness including *Emergency Shelter*, *Homeless Outreach* and the *Homeless Prevention* programs.
4. Provide financial assistance to low-income seniors and working families in the private market through *Shelter Aid for Elderly Renters* and *Rental Assistance* programs.
5. Support women (with or without dependent children) who have experienced violence or are at risk of experiencing violence through the *Transition Houses*, *Safe Homes* and *Second Stage Housing* programs.
6. Improve the physical accessibility of homes for low-income seniors and persons with disabilities through the *Home Adaptations for Independence* program.
7. Administer consumer protection measures for buyers of new homes through an enhanced builder licensing system.
8. Improve online services to support clients and partners more effectively.

Performance Measure 2.1: Number of new units/beds created for priority groups

Performance Measure	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
Number of new units/beds created for priority groups	1,764	1,775	2,301	3,243	2,045

Discussion

This measure describes our performance in creating new units for low and moderate-income individuals and families, including frail seniors, youth, Aboriginal households, people with physical and mental disabilities, as well as homeless individuals.

Targets are based on the completion of new units being created under existing development programs by our Development and Asset Strategies branch, and take into account planned program funding levels. The targets reflect units to be created through new provincial commitments supporting the acquisition and construction of affordable housing projects.

These commitments include the $355 million to construct 2,000 units under the *Provincial Investment in Affordable Housing* program, the $500 million announced in Fall 2016 to create 2,900 new affordable rental units through the *Investment in Housing Innovation* initiative, and an additional $65 million for the acquisition and renovation of 380 units supporting individuals with mental health and substance use issues.

Performance Measure 2.2: Number of First Time Homebuyers Assisted through the BC HOME Partnership program

Performance Measure	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
Number of first time buyer households assisted through the BC HOME Partnership program	N/A	1,350	11,586	13,586	15,586

Discussion
This is a new measure for 2017/18 which outlines our performance for the BC HOME Partnership program. This is a three-year program which will support eligible first time homebuyers in the purchase of their first home, promotes self-sufficiency and helps households move along the housing continuum.

Targets are based on the forecasted number of down payment assistance loans that are to be issued to eligible households. Participation of first time homebuyers in the program is expected to increase over each of the next three fiscal years, with full program take up expected by 2019/20.

Performance Measure 2.3: Builders' rating of the effectiveness of compliance efforts to monitor and enforce licensing and home warranty insurance

Performance Measure	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
Builders' rating of the effectiveness of compliance efforts to monitor and enforce licensing and home warranty insurance	84%	80% or higher	80% or higher	80% or higher	80% or higher

Discussion
This is a measure of the overall health of the builder licensing, home warranty insurance and owner-builder authorization system, whereby compliance issues are dealt with quickly and effectively by the Licensing and Consumer Services branch (formerly known as the Homeowner Protection Office branch). Assessment of performance is best done by industry participants (licensed residential builders) that operate their businesses within the regulatory framework. Targets are based on past trends, recognition that reducing instances of non-compliance continues to be seen as an area for continued business improvement, and strategic initiatives underway to enhance compliance efforts each year over the three-year service planning period.

Goal 3: Enhance Aboriginal Partnerships

Aboriginal people are significantly over represented within the homeless population and are less likely to have housing that is adequate and affordable. To help address these circumstances we work with the Aboriginal housing sector to enhance partnerships and increase self-reliance within the sector. Increasingly we are working with First Nations communities, recognizing the benefit of partnerships to help address housing issues on and off reserves.

The Taxpayer Accountability Principle of respect is strongly emphasized by our work under this goal. BC Housing engages in equitable, compassionate, respectful and effective communications that ensures all parties are properly informed or consulted on actions and decisions. In addition, we proactively collaborate in a spirit of partnership that respects the use of taxpayers' monies.

Strategies

1. Create more housing options for Aboriginal people by maximizing the number of affordable housing units created for Aboriginal people through our programs and partnerships.
2. Help improve housing conditions on First Nation reserves through partnerships on asset management, capital planning and homeowner education.
3. Leverage opportunities to promote Aboriginal employment, skills training and business development through the delivery of our programs and business activities.
4. Help build a strong Aboriginal housing sector through a range of initiatives including the *Non-Profit Asset Transfer Program*, the *Provincial Investment in Affordable Housing* as well as the *Investment in Housing Innovation* program, support to the Aboriginal Housing Management Association, and partnerships for the delivery of education and training to Aboriginal housing provider and First Nations.
5. Provide BC Housing staff with opportunities to gain a stronger understanding of the cultural aspects related to Aboriginal partnerships and housing.

Performance Measure 3.1: Progressive Aboriginal Relations (PAR) Certification

Performance Measure	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
Progressive Aboriginal Relations (PAR) Certification*	Gold (re-certification year)	Gold	Gold	Gold (re-certification year)	Gold

*Data to validate the certification results is generated and held by the Canadian Council for Aboriginal Business. This measure is conducted on a three year cycle. BC Housing began its recertification process in 2015.

Discussion

Performance is measured through the Progressive Aboriginal Relations (PAR) Certification, whereby our broad range of initiatives and partnerships with Aboriginal organizations are assessed by an independent third-party organization, the Canadian Council for Aboriginal Business. The Canadian Council for Aboriginal Business assesses our commitment to the Aboriginal sector in four areas: employment; business development; community investment; and community engagement. Assessment results are certified at a bronze, silver or gold level, depending on how the organization has demonstrated its performance. BC Housing is the only social housing provider in Canada to be certified under the PAR program.

The certification process occurs every three years, however our work to promote stronger Aboriginal partnerships is on-going. BC Housing's current plans, initiatives and collaboration efforts support the goal of continual improvement each year. The Gold certification result demonstrates BC Housing's

active and on-going commitment to supporting the Aboriginal housing sector and our Aboriginal housing partners. The next certification process will occur again in 2018. Benchmarking is conducted on a national level against other Canadian companies participating in the PAR Certification program.

Goal 4: Leadership in Sustainability and Residential Construction

This goal brings together two areas where we have significant leadership responsibilities. Through the Licensing and Consumer Services branch, we partner with industry and government partners to initiate technical research and education projects that promote the durability and energy efficiency of new residential construction. Research findings are applicable across both private and social housing sectors; BC Housing plays an important role in ensuring the dissemination of beneficial findings across sectors, for example, improving energy performance of multi-unit buildings and providing building enclosure design guidelines. Our technical research and education activities also support provincial priorities related to building codes and standards, such as the new Energy Step Code.

As well, through the *livegreen* Housing Sustainability Plan, we encourage and take a leadership role in promoting sustainability and we play an important role in supporting the province's Climate Leadership Plan. Sustainability is promoted within our programs and services and within the broader housing sector. As demonstrated in our Carbon Neutral Action Report, we have made progress in reducing our greenhouse gas emissions and our organizational environment footprint.

Overall this goal supports the Taxpayer Accountability Principles of accountability and integrity. Actions under this goal are aligned with government's direction under the *Greenhouse Gas Reductions Target Act*. Decisions and actions in the interest of environmental sustainability are implemented in our own operations.

Strategies

1. Promote energy efficiency and sustainability in the housing created through our programs.
2. Initiate climate change adaptation research and planning with respect to social housing and residential construction.
3. Initiate technical projects in partnership with industry and government related to the quality and sustainability of residential construction.
4. Implement our *livegreen* Housing Sustainability Plan with a concentration on:
    a. Integration of financial, social and environmental considerations in decision-making
    b. Innovation in the design, construction and management of housing
    c. As a change agent, guiding and supporting others in taking actions towards sustainability.

Performance Measure 4.1: Per cent Reduction in Greenhouse Gas Emissions from 2005 levels

Performance Measure	2015/16 Actual	2016/17 Forecast	2017/18 Target	2018/19 Target	2019/20 Target
Per cent Reduction in GHG Emissions from 2005 levels*	Reduction of 33%	Reduction of 20% to 25%	Reduction of 20% to 25%	Reduction of 20% to 25%	Reduction of 20% to 30%

*This measure is based on data provided directly from utility companies and compiled by an external consultant. In accordance with legislative requirements, the targets and results are based on a calendar year, e.g., results for 2016 are reported in the 2016/17 Annual Report.

Discussion

This measure tracks our progress in reducing GHG emissions and maintaining a carbon neutral status as required by the *Greenhouse Gas Reductions Target Act*. It includes emissions from the entire housing portfolio of buildings owned or leased by the Provincial Rental Housing Corporation, and is aligned with provincial reporting requirements.

Targets are set to achieve a 20 per cent or more reduction in GHG emissions from the 2005 level, with the long-term goal of meeting the provincial target of an 80 per cent reduction by 2050. The baseline, which was calculated across the housing portfolio in 2005, has been maintained to compare our reductions. Targets, each of which is a comparison to the 2005 level, i.e., not cumulative, take into account anticipated changes to the housing portfolio over the service planning period.

In 2015/16 we achieved a reduction of 33 per cent in GHG emissions from the 2005 baseline level. Previous year's results have ranged from 16 to 26 per cent with 2015/16 recognized as an exceptional year due to the completion of several unique building upgrades, including those under the now fully-allocated public-private capital improvement program, the *Single Room Occupancy Renewal Initiative*, the inclusion of the Riverview project and the benefits associated with a warmer than usual winter.

Financial Plan

Summary Financial Outlook

($000)	2015/16 Actual	2016/17 Forecast	2017/18 Budget	2018/19 Budget	2019/20 Budget
Total Revenue ($000)	**636,375**	**1,333,514**	**825,764**	**969,879**	**936,006**
Provincial Share *	428,025	1,017,259	544,495	781,510	789,451
Federal Share	146,911	261,542	233,137	141,016	97,442
Other **	61,439	54,713	48,132	47,353	49,113
Total Expenses ($000)	**636,340**	**1,140,760**	**784,128**	**754,190**	**772,619**
Housing Subsidies	382,419	883,870	515,886	479,637	491,964
Rental Assistance	112,917	114,561	125,226	130,225	135,226
Salaries and Labour	52,986	53,777	59,297	60,483	61,693
Operating Expenses	22,061	23,661	21,338	21,332	21,332
Building Maintenance	14,867	15,573	13,335	13,335	13,335
Building Modernization and Improvement	14,829	10,136	12,158	12,158	12,158
Office and Overhead	9,626	11,802	11,519	11,348	11,186
Building Mortgage Costs	8,533	8,525	8,499	8,405	8,049
Utilities	8,209	8,429	8,389	8,601	8,820
Grants in lieu of Property Taxes	7,616	7,291	7,095	7,280	7,470
Reserach and Education	2,146	2,385	1,336	1,336	1,336
Interest Expense	131	750	50	50	50
Net Income	**35**	**192,754**	**41,636**	**215,689**	**163,387**
Total Debt	**83,341**	**14,341**	**44,341**	**84,341**	**141,341**
Accumulated Surplus /Retained Earnings	**(2,400)**	**190,354**	**231,990**	**447,679**	**611,066**
Total Capital Expenditures	**4,984**	**5,000**	**5,000**	**4,000**	**3,000**

* 2017/18 includes funding of $424.5 million provided directly by the provincial government to BC Housing, $88.2 million from the Housing Priority Initiatives Special Account, $12.9 million from the Housing Endowment Fund, and $18.9 million from other partnering ministries/agencies.

** This includes tenant rent and revenues from other sources including builder licensing fees.

The above chart shows BC Housing's actual and forecasted financial outlook from 2015/16 through to 2019/20. In 2017/18, BC Housing's total revenue is forecasted to be $825.8 million while total expenses are estimated to be $784.1 million. The net income shown from 2016/17 through 2019/20 reflects funds received to provide construction financing for projects under the *Investment in Housing Innovation* program and loans issued under the new *BC Home Owner Mortgage and Equity (HOME) Partnership* program.

Revenues

Over 90 per cent of BC Housing's revenues are contributions received from the provincial and federal governments.

Provincial Contributions
In 2017/18, BC Housing is forecasting to receive total provincial contributions of $544.5 million.

Provincial contributions that fund operating and support costs are forecasted to be $529.4 million in 2017/18. This contribution will provide funding for a variety of housing initiatives and programs such as the *Provincial Housing Initiative, Independent Living BC, Women's Transition Housing and Supports*, the *Homeless Outreach Program*, the *Aboriginal Homeless Outreach Program*, the *Emergency Shelter Program*, the *Memoranda of Understanding (MOU)* with local governments, the *SRO Renewal Initiative* and the *Non-Profit Asset Transfer (NPAT)* program. Also, included in this amount is funding from the Housing Priority Initiatives Special Account to meet the net cash flow needs of the *Investment in Housing Innovation* program and the *BC HOME Partnership* program. Funding from the Housing Priority Initiatives Special Account will also be used for the acquisition and renovation of buildings to house people who are homeless or at risk of homelessness, and for people with mental health and substance use issues.

In 2017/18, provincial funding totalling $15.1 million will be invested in capital projects which will address the maintenance and renovation requirements of the provincially-owned social housing stock.

Federal Contributions
In 2017/18, BC Housing is forecasting to record federal contributions of $233.1 million. Federal contributions will reduce to $97.4 million in 2019/20 due to the expiration of operating agreements for projects under older federally funded programs as well as the completion of the *Canada/BC Investment in Affordable Housing* (IAH) agreement extension which provides $150.1 million from 2014/15 through 2018/19 and the *Social Infrastructure Fund* (SIF) agreement which provided $150 million over two years commencing in 2016/17 and ending in 2017/18.

Other Contributions
The remaining revenues are from tenant rent and other sources including builder licensing fees. The Licensing and Consumer Services Branch of BC Housing (formerly the Homeowner Protection Office), is fully self-supported from the collection of builder licensing fees that are anticipated to generate approximately $6 million in revenue annually. This revenue will fund costs associated with the licensing and home warranty insurance system, as well as research and education in residential construction and consumer protection.

Expenditures

BC Housing's expenditures are largely comprised of housing subsidies, rental assistance, administration costs, operational costs and building maintenance costs.

Housing subsidies are the majority of BC Housing's expenditures, accounting for over 60 per cent of the total expenses. These are ongoing subsidies provided to non-profit societies as well as one-time capital grants for new construction or renovation of subsidized housing.

Rental Assistance is expected to increase in future years as newly built projects under the *Community Partnership Initiative* become active and qualified tenants apply for SAFER and RAP. As operating agreements expire on non-profit managed buildings, societies may need to increase monthly rents in order to meet operational needs. In this case, qualified tenants will apply for SAFER and RAP to assist in paying the higher rent charges.

Administration costs is made up of salaries and labour paid to BC Housing employees, office and overhead costs incurred in administrating the housing portfolio, as well as research and education. These costs are expected to increase as additional staff are required to deliver projects under new initiatives including the *Provincial Investment in Affordable Housing* program ($355 million), the *Social Infrastructure Fund* agreement ($150 million), and the *Investment in Housing Innovation* ($500 million) and for the administration of the new *BC HOME Partnership* program.

Operational costs which include operating expenses, building mortgage costs, utilities, and grants in lieu of property taxes, are expected to decrease from 2016/17 to 2017/18 as three BC Housing managed buildings are transferred to non-profit housing providers as part of the *Non-Profit Asset Transfer* program. Future rate increases in electricity, natural gas, water and sewer and property taxes may drive up these costs. Various measures, such as building energy retrofits, the bulk purchase of natural gas, mortgage renewals with longer terms, and operational efficiencies, have been implemented to offset this impact.

Building maintenance and building modernization and improvement costs are expected to remain constant at approximately $25 million annually. 2015/16 saw higher building costs as one time funding was made available for repairs and maintenance to units that were vacant and required repairs before new tenants could be housed as well as for other units with long term tenants where no major repairs or renovations had been made for many years.

Provincial Rental Housing Corporation

The Net Income projected for the Provincial Rental Housing Corporation is primarily the result of gain on sales generated from the transfer of land and buildings to non-profit housing providers under the Non-Profit Asset Transfer program. The proceeds from these transfers will be reinvested into social housing through BC Housing.

SUMMARY BUDGET PROJECTIONS - 2016/17 TO 2019/20
(IN MILLIONS OF DOLLARS)

	2016/17 Preliminary Actual	2017/18 Budget	2018/19 Budget	2019/20 Budget
Net Income	**301**	**36**	**4**	**3**

Key Assumptions

- Provincial and federal contributions match existing approvals;
- Interest rates for mortgage takeouts and renewals are based on provincial Treasury Board forecasts;

- Construction activity for new builds and renovations will match planned schedules; and
- Rental assistance take-up is expected to increase.

Future Outlook

As part of the long-term policy to support a strong non-profit housing sector, in 2017/18 BC Housing will deliver the final year of the 4-year *NPAT* program which transfers ownership of select PRHC properties under long-term lease to the non-profit housing operators who already operate the social housing on site. There will be no change to the on-going operations of the buildings. BC Housing will provide the societies with additional assistance to manage payment on the mortgages required to finance the land transfers.

BC Housing will continue to deliver a range of client-centered programs and services through strong partnerships across British Columbia. Future ongoing operating and support subsidies to non-profit housing providers remain relatively stable. Subsidy reductions due to the expiration of operating agreements are partially offset by increased subsidies as annual service payments commence upon completion of the *SRO Renewal Initiative*, mortgage subsidy is provided under the *NPAT* program and additional shelter spaces are made available as a result of increased homelessness throughout the province.

New investment continues to be made into social housing. PRHC is investing the proceeds from properties transferred under the NPAT Program into new housing programs including the *Provincial Investment in Affordable Housing (PIAH)* program which will spend $355 million from 2016/17 through 2020/21 to create more than 2,000 affordable rental housing units in British Columbia. The province recently announced the *Investment in Housing Innovation* program which will create an additional 2,900 units of affordable rental housing. The Social Infrastructure Fund provides $150 million in federal funding over 2016/17 and 2017/18 for new construction as well as renovations and retrofits to existing social housing.

The new *BC Home Owner Mortgage and Equity (HOME) Partnership* program will help address housing affordability for qualified first-time home buyers by matching the amount they have already saved for their down payment up to 5% of the home's purchase price. Over the term of the program, it is estimated that loans of $703 million will be provided to support 42,000 eligible first-time home buyers. It is estimated that $185.4 million in down payment assistance loans will be provided in 2017/18.

Ownership of the Riverview Lands transferred to PRHC in February 2015. Working with multiple partners, BC Housing led the visioning process for the future use of the lands and released the document *A Vision for Renewing Riverview*. This document will guide the long-range planning for Riverview.

Appendix A:

Hyperlinks to Additional Information

Corporate Governance

BC Housing has a Board of Commissioners that is responsible for corporate governance, and an organizational structure with six branches.

Organizational Overview

The British Columbia Housing Management Commission (BC Housing) was created in 1967 to deliver on the provincial government's commitment to the development, management and administration of subsidized housing throughout the province. Through the Licensing and Consumer Services Branch (formerly the Homeowner Protection Office), BC Housing also has responsibilities related to licensing of residential builders, home warranty insurance, and research and education to improve the quality of residential construction and consumer protection.

Our mission statement is: *making a positive difference in people's lives and communities through safe, affordable and quality housing.* In 2017/18 we will assist approximately 106,300 households in nearly 290 communities across the province through a range of programs, initiatives and partnerships. Our partnerships include operating agreements with non-profit providers, memoranda of understanding with local governments and community organizations, as well as collaborations with housing sector and industry associations. Assistance ranges from emergency shelter and homeless outreach, transition houses, safe homes and second stage housing, independent and supportive social housing, rent assistance in the private market and home adaptations for seniors and persons with disabilities. Through BC Housing's Licensing and Consumer Services Branch about 7,200 builders will be licensed and approximately 24,200 new homes will be enrolled in home warranty insurance. Additional information on our renewed mission, vision and values can be found on our website.